



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF EDUCATION
UNIVERSITY EXAMINATION FOR THE DIPLOMA BUSSINES ADMINISTRATION
FOR 2ND YEAR 1ST SEMESTER 2016/2017 ACADEMIC YEAR**

KENDU BAY LEARNING CENTRE

COURSE CODE : BBM 2215

COURSE TITLE : MANAGERIAL ACCOUNTING AND CONTROL

VENUE : STREAM:

DATE : EXAM SESSION:

TIME : 2 HOURS

Instructions:

1. Answer question 1 (Compulsory) and any other 2 questions.
2. Candidates are advised not to write on the question paper.
3. Candidates **MUST** hand in their answer booklets to the invigilator while in the examination room.

Question One (Compulsory)

- (a) ZEDI Enterprises, a manufacturing company produces a product by the name KIWA. During the month of January 2016. The following additional information is provided:

Production	20,000 units
Sales	15,000 units

Production costs

Direct materials	2,400,000.00
Direct labor	600,000.00
Variable overheads	500,000.00
Fixed overheads	900,000.00

Selling and Administration

Sales commission	250,000.00
General expenses	160,000.00
Overheads (fixed)	240,000.00

The company sells each unit of KIWA at a price of shs.300

Required:

- (i) Profit and loss account on the basis of absorption costing (5 marks)
 - (ii) Profit and loss account on the basis of marginal costing (5 marks)
 - (iii) Explain the cause of the difference in profits realized in (i) and (ii) above (2 marks)
 - (iv) Profit reconciliation between the two methods (5 marks)
 - (v) Calculate the break-even point in terms of sales value (5 marks)
- (b) Briefly explain the four types of standards as used in standard costing (8 marks)
- (Total 30 marks)

Question Two

- (a) Distinguish between managerial accounting and Financial Accounting (5 marks)
- (b) The following information relates to Primetime Ltd, a manufacturing company in Homa bay with four production departments.

Over heads _____ Shs.'000'

Rent	80,000
Repair to plant	50,000
Depreciation on plant	40,000
Lighting and heating	20,000
Supervision	60,000
Repairs to building	30,000

Additional information:

i)	Departments	A	B	C	D
	Area in meters ²	1500	1200	800	500
	No. of employees	35	25	25	15
	Value of plant (shs.000)	500,000	300,000	200,000	-

ii) Bases of overhead apportionment

Overheads to which basis apply	Bases
Rent, rates, heat and lighting, depreciation of buildings, maintenance of building, insurance of premises etc.	Area occupied
Depreciation of plant and machinery, insurance of plant, repairs and maintenance etc.	Book value
Expenses of personnel office canteen, staff welfare costs, supervision etc.	Number of employees
Material handling expenses, store keeping, package costs etc.	Cost or weight of material
Power consumption, water usage etc	Technical estimates
Staff training cost, pension contribution etc.	Direct wages/salaries
General overhead items	Machine hours or labor hours
Heating ,power	No.of radiators

Required: Prepare an overhead distribution schedule showing the bases of overheads apportioned to the respective departments. (15 marks)

(Total 20 marks)

Question Three

A textile company produces two types of kitenge linen namely Obama and Michelle. Two types of materials X and Y are used in the manufacture of the kitenge linens. The following information is provided by the company for the year 2016.

i) Budgeted sales

<u>Product</u>	<u>Quantity</u>	<u>Price</u>
Obama	18,000	65
Michelle	20,000	80

ii) Materials used

<u>Material</u>	<u>X</u>	<u>Y</u>
Unit cost	sh.6	sh.3
Quantity used		
Obama	3	6
Michelle	5	4

The following stocks were also available:

Finished Product	Opening	Closing
Obama	3,000	1,500
Mitchelle	2,000	2,500

Material		
X	5,000	6,000
Y	4,000	3,000

Required;

- (a) Sales budget (5 marks)
- (b) Production budget (5 marks)
- (c) Material usage in quantities budget (5 marks)
- (d) Material Purchases in quantity and value budget(5 marks)

(Total 20 marks)

Question Four

- (a) Define variance analysis (5 marks)
- (b) Mitumba company has the following information on labour cost for production of product 'Y':
 - Standard rate per hour sh.20
 - Standard time per unit 4 hours
 - Time worked 8500 hours
 - Time paid (8652) sh.85, 000
 - Production achieved 4360 unitsRequired: Calculate the labour cost variance (10 marks)
- (c) Distinguish between fixed and flexible budgets (5 marks)

(Total 20 marks)

Question Five

Briefly define the following giving relevant examples:

- (i) Mixed costs (4 marks)
- (ii) Fixed costs (4 marks)
- (iii) Controllable costs (4 marks)
- (iv) Marginal costing (4 marks)
- (v) Absorption costing (4 marks)

(Total 20 marks)